

Message Text

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E.O. 11652: N/A

TAGS: BENC, WZ

SUBJECT: MAJOR PROJECTS: COAL PROCESSING FOR SWAZILAND

REF: A) 77 MBABANE 1935, B) 77 STATE 209491,
C) 77 MBABANE 2547, D) 77 MBABANE 0465, E) 77 MBABANE 0565

1. AS EMBASSY PROBABLY AWARE, COAL GASIFICATION
TECHNOLOGY HAS BEEN APPLIED ON A COMMERCIAL SCALE IN ONLY
A FEW COUNTRIES, SUCH AS SOUTH AFRICA. NO COUNTRY PRESENTLY
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PRODUCES HIGH-BTU GAS FROM COAL ON COMMERCIAL SCALE. OUR
DEPARTMENT OF ENERGY HAS BEEN FUNDING RESEARCH IN THIS AREA
AND A FEW PILOT PROJECTS ARE IN OPERATION IN THE U.S.
THERE ARE PLANS TO INSTALL DEMONSTRATION-SCALE PLANTS IN
THE NEAR FUTURE, BUT FULL COMMERCIALIZATION IS A
LONG WAY OFF.

THE WEST GERMANS AND SOUTH AFRICANS HAVE HAD SOME SUCCESS IN LARGE-SCALE PRODUCTION OF LOW AND MEDIUM BTU COAL-GAS, AND MORE RECENTLY A NUMBER OF U.S. CONCERNS HAVE DEVELOPED TECHNOLOGY IN THIS FIELD. HOWEVER, PRODUCTION ON A COMMERCIAL SCALE INVOLVES VERY HIGH CAPITAL COSTS AND LOW-BTU GAS CANNOT BE TRANSPORTED ECONOMICALLY OVER SIGNIFICANT DISTANCES. THEREFORE, A CONCENTRATION OF

END-USERS MUST BE PRESENT NEAR SITE OF COAL-GAS PRODUCTION FOR SUCH AN UNDERTAKING TO BE FEASIBLE.

2. FOR ABOVE REASONS, GIVEN LIMITED LOCAL INDUSTRIALIZATION IN SWAZILAND, AND INFO REFS B AND C FROM WHICH WE INFERRED THAT FINANCING WOULD BE DIFFICULT AND THE SWAZIS MOST LIKELY WERE LOOKING FOR FOREIGN INVESTMENT IN THIS AREA, WE DID NOT FEEL THAT THE GENERAL INQUIRY REF A WOULD GENERATE VERY MUCH INTEREST ON PART OF U.S. FIRMS. NONETHELESS, COMMERCE/MEPD DID NOTIFY MAJOR ENGINEERING COMPANIES WITH COAL PROCESSING EXPERTISE, INCLUDING FIRMS WHICH HAVE ENGAGED IN GASIFICATION RESEARCH AND DEVELOPMENT. AT THAT TIME WE DID NOT RECEIVE ANY SOLID EXPRESSIONS OF INTEREST.

3. UPON RECEIPT OF ADDITIONAL INFO CONTAINED REF D, WE AGAIN NOTIFIED SAME FIRMS AND COMMERCE/OPIOS NOTIFYING OPERATORS THIS FIELD. MEPD ALSO BEGAN CALLING SELECTED LIMITED OFFICIAL USE

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FIRMS TO BETTER ASSESS OPPORTUNITY THAT MIGHT EXIST IN IN SWAZILAND.

4. SOME OF ENGINEERING FIRMS ARE RECEPTIVE TO APPROACH OF PERFORMING FEASIBILITY STUDY OR OTHER CONSULTING/ DESIGN WORK FOR SWAZIS. EMBASSY MIGHT DISCUSS WITH SWAZIS THE POSSIBILITY OF CONTRACTING WITH U.S. CONSULTANT IN THIS FIELD, AS WOULD BE PRUDENT APPROACH TO OBTAIN ADVICE ON ALTERNATIVES FOR EXPLOITATION AND PROCESSING OF COAL AND MOST VIABLE PLAN FOR SWAZILAND BEFORE INVESTING IN ANY ONE COURSE OF ACTION. FOLLOWING FIRMS HAVE INDICATED INTEREST IN SUPPLYING SERVICES OF THIS NATURE, AND OTHERS MAY BE RESPONSIVE IF SWAZIS ARE RECEPTIVE TO IDEA OF CONTRACTING FOR ENGINEERING SERVICES:

1) BECHTEL NATIONAL INC.
P.O. BOX 3965
SAN FRANCISCO, CA. 94119
ATTENTION: MR. ALLEN G. RUBIN
(COMPANY OFFERS FULL RANGE OF DESIGN AND CONSTRUCTION

SERVICES IN MINING, TRANSPORTATION, PROCESSING AND
COAL-GASIFICATION)

2) KING WILKINSON CO.
3701 KIRBY DRIVE
HOUSTON, TEX. 77098
ATTENTION: MR. PAUL THERIOT

(COMPANY OFFERS CONSULTING, DESIGN AND PROJECT
MANAGEMENT SERVICES, PRIMARILY IN HYDROCARBON PROCESSING
FIELD, AND HAS COAL-GASIFICATION EXPERIENCE)

3) FOSTER WHEELER CORP.
1701 PENNSYLVANIA AVENUE, NW
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WASHINGTON, D.C. 20006
ATTENTION: DAVID LU
(COMPANY OFFERS FULL RANGE OF DESIGN AND CONSTRUCTION
SERVICES IN ENERGY AND HYDROCARBONS FIELDS AND IS
HEAVILY INVOLVED IN COAL-GASIFICATION)

IF SWAZIS INTERESTED IN OBTAINING EXPERTISE FOR MINING
OPERATIONS, A LARGER NUMBER OF FIRMS MIGHT RESPOND.

5. MEPD HAS ALSO IDENTIFIED SEVERAL FIRMS WHO COULD
SUPPLY ON TURNKEY BASIS SMALL-SCALE LOW-BTU GASIFIERS
WHICH COULD PROVIDE ON-SITE FUEL FOR INDIVIDUAL END-
USERS, SUCH AS PULP PLANT MENTIONED REF D. DIFFERENT
GASIFIERS ARE AVAILABLE ON SCALE OF FROM ABOUT 10 MMBTU/HR
UP TO ABOUT 90 MMBTU/HR, AND SEVERAL GASIFIERS CAN BE
GROUPED TOGETHER AT A SITE FOR HIGHER PRODUCTION.
FOLLOWING FIRMS ARE INTERESTED:

1) FOSTER-WHEELER PER ABOVE

2) ACUREX CORP.
C/O MR. KIM CLARKE
485 CLYDE AVENUE
MOUNTAIN VIEW, CA. 94042

3) APPLIED TECHNOLOGY CORP.
C/O MR. GREG BREWER
P. O. BOX 27125
HOUSTON, TEX. 77027

4) MASON AND HANGER
C/O MR. LOUIS SNEDDEN
1500 W. MAIN
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LEXINGTON, KY. 40505

5) BABCOCK CONTRACTORS, INC.
C/O MR. J. L. KINTIGH
921 PENN AVENUE
PITTSBURGH, PA. 15222

ALL OF ABOVE ARE ENGINEERING FIRMS WHO COULD ALSO SUPPLY
CONSULTING SERVICES ON THIS TYPF OF PROJECT.

6. NAMES OF ALL FIRMS MENTIONED ABOVE MAY BE PASSED TO
SWAZI AUTHORITIES. COMPANIES HAVE ASKED FOR NAME AND
ADDRESS OF APPROPRIATE OFFICIAL IN SWAZILAND SO THAT
THEY MAY CONTACT HIM DIRECTLY. EMBASSY SHOULD NOTE THAT
NONE OF FIRMS WOULD LIKELY BE POTENTIAL INVESTORS AND
FINANCING MAY STILL BE A PROBLEM.

7. WE WOULD ALSO LIKE ADDITIONAL INFO SO THAT WE MAY GET
A BETTER PICTURE OF THE OPPORTUNITY THAT MIGHT EXIST IN
SWAZILAND. WHAT ARE CHARACTERISTICS OF SWAZI COAL, I.E.
B. T. U. -CONTENT, GRADE, IMPURITIES, SWELL-INDEX, ETC.? HOW
NEAR TO SURFACE ARE DEPOSITS? WHY ARE SWAZIS INTERESTED
IN PROCESSING AS OPPOSED TO EXPORT OR DIRECT BURNING?
WHAT DO THEY HAVE IN MIND AS USE FOR COAL-GAS? WHAT
LOCAL INDUSTRIES MIGHT USE COAL-GAS AND WHAT ARE THEIR
CURRENT SOURCES OF ENERGY? WHAT WOULD BE POLITICAL
OR ECONOMIC CONSIDERATION IN CONNECTION WITH SOUTH
AFRICA? CAN EMBASSY SUPPLY US WITH NAME OF USGS GEOLOGIST
WHO SUGGEST GASIFICATION SO THAT WE MAY CONFER WITH
HIM? VANCE

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